



STATE OF DELAWARE
STATE BOARD OF PENSION TRUSTEES
AND
OFFICE OF PENSIONS
MCARDLE BUILDING
860 SILVER LAKE BLVD., SUITE 1
DOVER, DE 19904-2402

When Calling Long Distance
Toll Free Number 1-800-722-7300
E-mail: pensionoffice@delaware.gov

Telephone (302) 739-4208
FAX # (302) 739-6129
www.delawarepensions.com

BOARD OF PENSION TRUSTEES
MEETING MINUTES OF SEPTEMBER 30, 2022

The meeting of the Board of Pension Trustees was called to order by Suzanne Grant, Chair, at 9:04 a.m., via videoconferencing.

Trustees Present

Suzanne Grant
Art Agra
Rick Geisenberger
Nancy Shevock
Ken Simpler
Cerron Cade

Trustees Absent

Harold Stafford

Others Present

Joanna Adams, Pension Administrator
Stephenie Tatman, Deputy Pension Administrator
Ryan Connell, Deputy Attorney General
Robin Hartnett-Sterner, Pension Office
Josh Hitchens, Pension Office
Khairat Makanjuola, Pension Office
William O'Brien, Deputy Attorney General
Vicki Schultes, Pension Office

Rob Gooderham, Windmark
Garry Musto, Windmark
Bert Scoglietti, Controller General's Office
Kevin Balaod, journalist, *With.Intelligence*
Gregg Gethard, journalist, *PEI Media*

1. OPENING COMMENTS

S. Grant welcomed everyone to the meeting virtually. Ms. Adams introduced William "Bill" O'Brien, the new Deputy Attorney General for the Office of Pensions. Mr. O'Brien is serving in the position Ann Marie Johnson vacated upon her retirement. Mr. O'Brien introduced himself and shared an overview of his background. He moved to Delaware from the Washington D.C. area in 1994. Since then, he has worked periodically for the Public Service Commission, Conectiv Energy, and for seven years with Chesapeake Utilities as the in-house counsel.

2. APPROVAL OF THE MINUTES OF THE BOARD OF PENSION TRUSTEES MEETING OF JULY 29, 2022.

The Public Minutes of the July 29, 2022 meeting were reviewed, with a technical change suggested.

MOTION was made by A. Agra and seconded by K. Simpler to approve the Public Minutes of the July 29, 2022 Board of Pension Trustees meeting, with changes as noted.

MOTION ADOPTED UNANIMOUSLY.

The Executive Minutes of the July 29, 2022 meeting were reviewed in Executive Session.

MOTION was made by A. Agra and seconded by N. Shevock to approve the Executive Minutes of the July 29, 2022 Board of Pension Trustees meeting as presented.

MOTION ADOPTED UNANIMOUSLY.

3. AUDIT COMMITTEE REPORT

S. Tatman reported that the Committee had not met since the July Board meeting, therefore, no new business was reported. The next Audit Committee meeting is scheduled for November 4, 2022.

4. GOVERNANCE COMMITTEE REPORT

Ms. Adams reported that the Governance Committee met once since the July Board meeting to provide an overview of the Summary Plan Description document. The office has provided these documents to new hires for each pension plan for many years, but the last revisions were made in 1996. This resulted in the new document being created from the beginning, which was one of the outstanding Best Practices items.

S. Tatman shared that the document is critical because it converts 29 *Del. C. Ch 55* into layman's terms for active employees transitioning to retirement. This document is also a primary resource for Human Resource (H.R.) representatives. The Pen Admin section of the office fields H.R.-related questions daily, and their involvement in drafting the document ensured the final product is user-friendly. The office staff is hoping the document serves as an effective communication tool for all users, and that it will address common problems that have historically plagued the pension application and related processes.

S. Grant shared that the document is "fabulous", even though it was an extraordinary undertaking, and congratulated those involved in its revision. N. Shevock also applauded the effort and provided positive feedback. K. Simpler asked if there was any concern or risk of legal challenges or liability risk due to the summarization. S. Tatman confirmed the inclusion of a

disclaimer which states that if there is any conflict between a provision in this booklet and the Plan (29 Del. C. Ch. 55), the Plan will take precedence.

The next Governance Committee meeting is scheduled for November 9, 2022.

5. PENSION ADVISORY COUNCIL REPORT

There was no new business to report.

The next Pension Advisory Council meeting is scheduled for November 15, 2022

6. STATE PENSION ADMINISTRATOR'S REPORT

EMPLOYEE RECOGNITION:

Ms. Adams extended kudos to the Summary Plan Document team, led by S. Tatman.

Ms. Adams also recognized the Pension Administration team for making it through August payroll. On average, we typically process around 400 pension applications in August. This past August payroll resulted in 500 being processed - the highest number of pension applications processed in one month since the early retirement option was offered in the early 1990s. The office payroll staff is established and were able to meet their deadlines successfully (with overtime).

The Benefits team was also recognized. The Medicare Advantage transition is an "all hands on deck" scenario; many pensioners are pleased with this change but there are others who are quite unhappy about the updates. Open enrollment will close on October 24th, which then gives the section one week to input coverage changes into the system before the data goes to our vendor.

R. Geisenberger provided clarification regarding guidelines for preauthorization for medical procedures. Commitments are being met to provide employees with a platinum healthcare plan, however, a level of managed care is being added to increase better outcomes and lower costs. This is the result of an extremely open process abiding by public business laws. The Medicare Advantage Plan we are offering was created exclusively for Delaware employees and cannot be purchased anywhere else. Our office is partnered with the State Benefits Office (SBO) for this implementation because it impacts our membership. Our office processes the transactions and provides customer service, acting as Human Resource (HR) representatives for pensioners.

POSITIONS UPDATE:

Ms. Adams reported that in addition to the Deputy Attorney General position being filled by Bill O'Brien, Khairat Makanjuola, our Cash and Debt Manager, has been promoted to Internal Audit Director. Ms. Makanjuola will officially start in her new role at the end of October.

In addition, three (full-time, merit) HR Analyst I positions were recently vacated. We are embarking on an ERP modernization project to replace our automated payroll and HR system. We are currently in phase 1 (from now until February 2023) to document business processes. For the next two years, we will employ a limited-term HRIS Administrator and two limited-term HR Analyst Is to assist during this project.

The Human Resource Supervisor position is on hold. Lastly, the HRIS Specialist III position is being reclassified; documentation was recently sent to the Department of Human Resources (DHR).

OFFICE ACTIVITIES:

September's virtual office activities included the Monthly Payroll and HR class, Understanding Your State Pension, Pen App SEPP, and the SEPP Pre-Retirement Presentation.

OTHER ITEMS:

Ms. Adams reported that she attended the annual National Association of State Retirement Administrators (NASRA) Conference in August. In larger states, you may have a teacher's retirement system and a separate plan for other state employees. The experience affirmed that Delaware is doing a great job, and in many instances, we are outperforming other states.

In addition, Ms. Adams learned about Anchor Day while attending the Conference. Anchor Day is the day everyone is expected to be in the office. This is optimal for promoting team building, full staff meetings, and other events in an effort to improve camaraderie.

The tentative 2023 Board meeting, Committee meeting, and appeal dates were reviewed. R. Geisenberger noted there is a Board meeting scheduled for June 30th, which may be a conflict. An alternative date was not provided.

COUNTY/MUNICIPAL ENTITIES RESOLUTIONS:

CAMDEN-WYOMING FIRE COMPANY, INC.: The Camden-Wyoming Fire Company, Inc. submitted Resolution No. 41-2, requesting to join the County/Municipal Police and Firefighters Pension Plan, effective July 1, 2022.

MOTION was made by N. Shevock and seconded by A. Agra to approve the Camden-Wyoming Fire Company, Inc. joining the County/Municipal Police and Firefighters Pension Plan, effective October 1, 2022.

MOTION ADOPTED UNANIMOUSLY.

DELAWARE VOLUNTEER FIREMEN ASSOCIATION PLAN AMENDMENT: Proposed amendments to Section 4.01 of the Plan, regarding member benefits, were reviewed in Executive Session. These amendments synchronize the Plan with recent legislative activity (HB 308: 83 Del. Laws, c. 286, effective April 7, 2022).

MOTION was made by N. Shevock and seconded by K. Simpler to approve the amendments, effective January 1, 2023, to the Delaware Volunteer Firemen's Pension Plan as submitted.

MOTION ADOPTED UNANIMOUSLY.

MOTION made by A. Agra and seconded by K. Simpler to enter into Executive Session, to consider pension personnel matters, confidential medical records, legal matters,

sensitive commercial trade secrets, and confidential financial information.

MOTION ADOPTED UNANIMOUSLY

The Board then moved into Executive Session to discuss pending personnel matters, confidential medical records, legal matters, sensitive commercial information, proprietary business information, trade secrets, and confidential financial information.

MOTION made by A. Agra and seconded by K. Simpler to exit Executive Session.

MOTION ADOPTED UNANIMOUSLY

7. DEPUTY ATTORNEY GENERAL REPORT*

R. Connell presented an overview of his participation in the NAPPA Conference in June. The conference provided great networking opportunities and illuminated where we are exceeding as well as where we can grow. He also shared presentation materials from the conference with Board members.

MOTION was made by A. Agra and seconded by K. Simpler to enter into Executive Session, to consider pension personnel matters, confidential medical records, legal matters, sensitive commercial trade secrets, and confidential financial information.

MOTION ADOPTED UNANIMOUSLY.

The Board then moved into Executive Session to discuss pending personnel matters, confidential medical records, legal matters, sensitive commercial information, proprietary business information, trade secrets, and confidential financial information.

MOTION made at 11:34 a.m. by A. Agra and seconded by K. Simpler to exit Executive Session.

MOTION ADOPTED UNANIMOUSLY

8. INVESTMENT COMMITTEE REPORT*

Mr. Gooderham reported that global equity markets continued to follow a volatile path in the first two months of the fiscal year. Signs inflation may be peaking and corporate earnings that were better than feared helped stocks move higher in July. However, stocks experienced renewed weakness in August as central banks reiterated plans to tighten monetary policies in an effort to tame persistent inflation. The broad US equity market, as measured by the Russell 3000 index, gained 5.3%. International equity lagged US equities as the MSCI All-Country World ex-U.S. stock index edged higher by 0.1%. In fixed-income markets, yields moved higher (prices higher)

and credit spreads tightened, resulting in a 0.2% loss for the Bloomberg Universal bond index, while the more credit-sensitive Bloomberg High Yield index gained 3.5%.

Mr. Gooderham reported that DPERS Fund assets at Northern Trust were estimated to be \$12,998.9 million at August 31, 2022, representing a net decrease of \$77.2 million since June 30th. Estimated returns for July, August, and for periods ending August 31, 2022 are as follows:

	Month Ended 07-31-22	Month Ended 08-31-22	Fiscal YTD 08-31-2022	Calendar YTD 08-31-22	1 Year Ended 08-31-22
Total Fund	2.3	-2.5	-0.3	-15.3	-13.2
DPERS Policy Benchmark**	5.9	-3.2	2.5	-15.2	-13.9
S&P 500 Index	9.2	-4.1	4.8	-16.1	-11.2

** Benchmark mix: 46% Russell 3000 Index, 24% MSCI ACWI ex US IMI (Net), 27.0% BB Universal Bond Index, 3% T-bills

Mr. Gooderham reported that the Committee had met twice since the July Board meeting, on August 16th and September 20th.

At the Committee's August 16th meeting, he advised that, in addition to the approved items below, the Committee reviewed and discussed:

- A Carlyle Update
- A Wellington Strategy Review
- A Private Debt Review
- The Second Quarter 2022 Investment Review

He also advised that the following items were approved at the August 16th meeting under the Committee's authority:

- A commitment of up to \$50 million to Summit Partners Subordinated Debt Fund VI, L.P., subject to legal review.
- A portfolio investment election for Riverstone Global Energy & Power Fund V, L.P.

At the Committee's September 20th meeting, Mr. Gooderham advised that the Committee reviewed and discussed:

- A Risk Estimation Update
- Asset Allocation: Inflation Outlook
- A Review of DPERS Investment Policy Statement
- Annual Commission & Proxy Voting Reports
- Proposed 2023 Meeting Dates

The next meeting of the Committee is scheduled for Tuesday, October 18th, 2022.

NEW MEMBER RESOLUTION: A resolution was presented recommending that James L. Hinkley be appointed to serve as a member of the Investment Committee.

MOTION was made by N. Shevock and seconded by A. Agra to approve James L. Hinkley to serve on the Investment Committee, effective September 30, 2022.

MOTION ADOPTED UNANIMOUSLY.

The next meeting of the Committee is scheduled for Tuesday, October 18, 2022.

9. PENDING ITEMS (OLD BUSINESS)

There was nothing to report.

10. NEW BUSINESS

There was nothing to report.

11. ADJOURNMENT

At 11:39 a.m., there being no further business:

MOTION was made by N. Shevock and seconded by A. Agra to adjourn the meeting.

MOTION ADOPTED UNANIMOUSLY

Respectfully submitted,



Joanna M. Adams
Pension Administrator

Suzanne B. Grant

Suzanne B. Grant (Oct 31, 2022 14:31 CDT)

Suzanne B. Grant, Chair
Board of Pension Trustees